

TECHNICAL

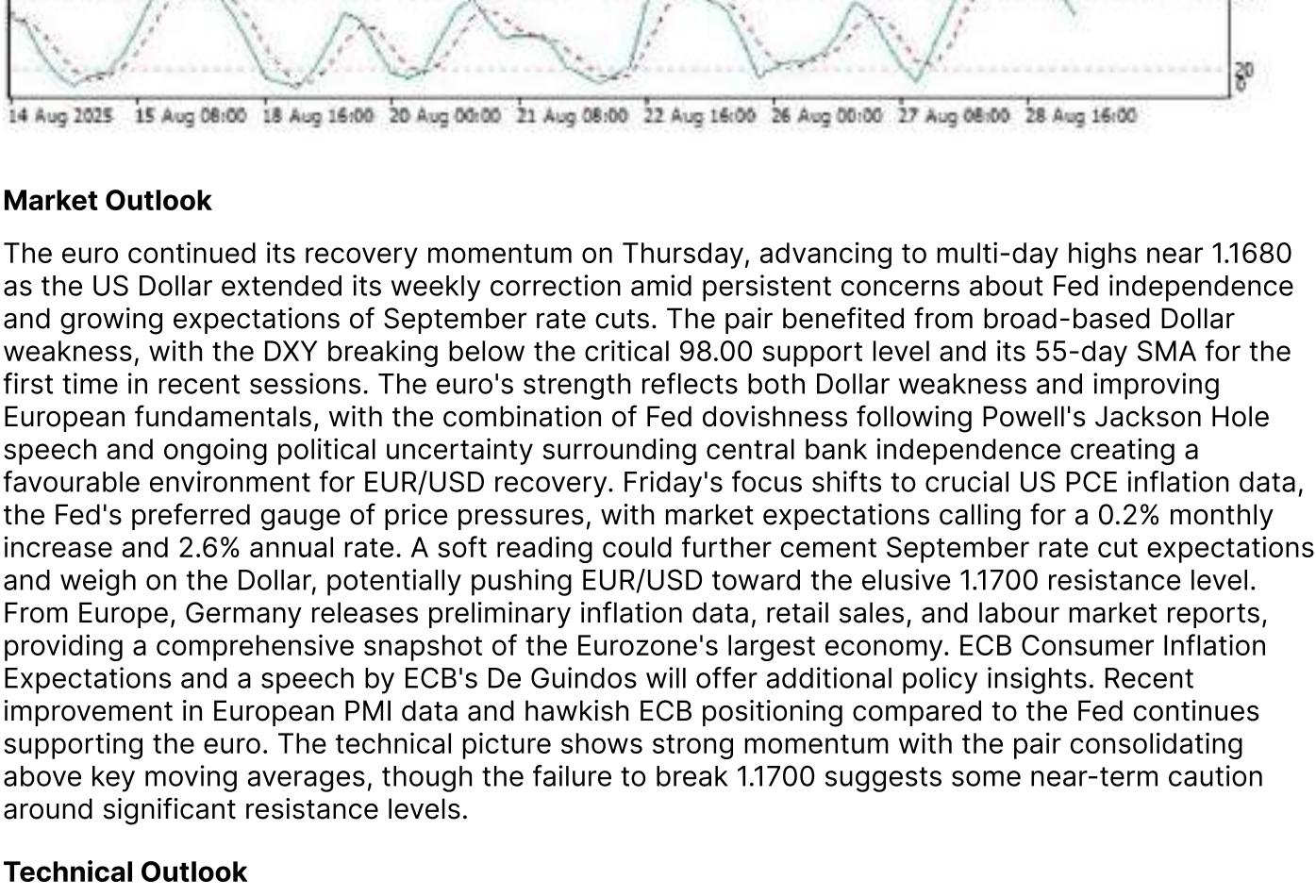
ANALYSIS REPORT

FRIDAY, AUGUST 29 2025

EUR/USD

Previous Session Overview

EUR/USD moved higher on Thursday, reaching the previous resistance levels. Currently trading at 1.1661.



Market Outlook

The euro continued its recovery momentum on Thursday, advancing to multi-day highs near 1.1680 as the US Dollar extended its weekly correction amid persistent concerns about Fed independence and growing expectations of September rate cuts. The pair benefited from broad-based Dollar weakness, with the DXY breaking below the critical 98.00 support level and its 55-day SMA for the first time in recent sessions. The euro's strength reflects both Dollar weakness and improving European fundamentals, with the combination of Fed dovishness following Powell's Jackson Hole speech and ongoing political uncertainty surrounding central bank independence creating a favourable environment for EUR/USD recovery. Friday's focus shifts to crucial US PCE inflation data, the Fed's preferred gauge of price pressures, with market expectations calling for a 0.2% monthly increase and 2.6% annual rate. A soft reading could further cement September rate cut expectations and weigh on the Dollar, potentially pushing EUR/USD toward the elusive 1.1700 resistance level. From Europe, Germany releases preliminary inflation data, retail sales, and labour market reports, providing a comprehensive snapshot of the Eurozone's largest economy. ECB Consumer Inflation Expectations and a speech by ECB's De Guindos will offer additional policy insights. Recent improvement in European PMI data and hawkish ECB positioning compared to the Fed continues supporting the euro. The technical picture shows strong momentum with the pair consolidating above key moving averages, though the failure to break 1.1700 suggests some near-term caution around significant resistance levels.

Technical Outlook

- Stochastic moved lower from the overbought area.
- Price moving lower towards the 20-period moving average.
- This indicates cooling momentum with some profit-taking after recent gains.

Key Levels to Watch

Resistance: 1.1742; 1.1789

Support: 1.1629; 1.1584

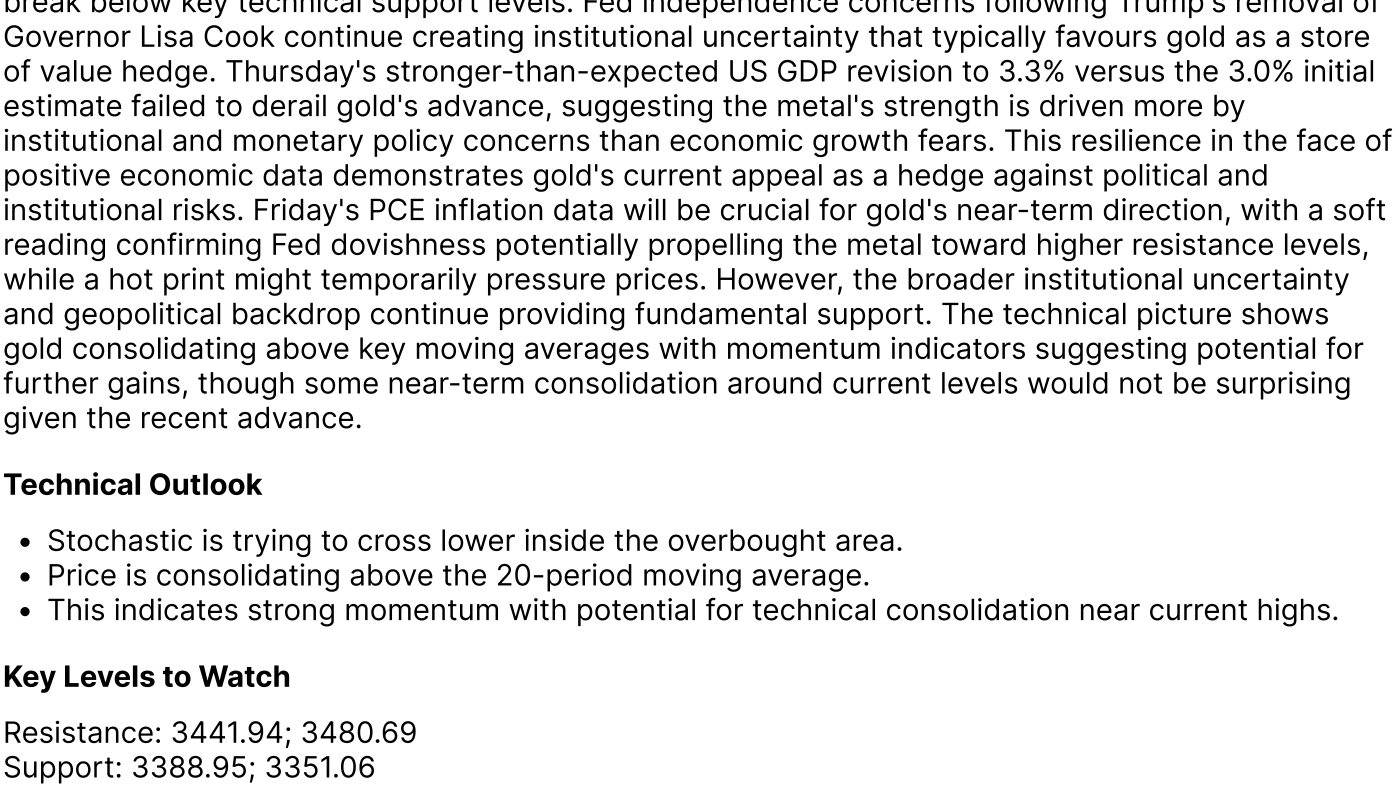
Conclusion

EUR/USD shows signs of cooling momentum at 1.1661, with the Stochastic indicator moving lower from overbought territory while price retreats toward the 20-period moving average after failing to break 1.1700 resistance. The pullback suggests profit-taking following recent gains, though the underlying trend remains supportive. Today's PCE data will be critical in determining direction - a soft reading could reignite buying interest toward 1.1742, while stronger data might accelerate the current correction. Support at 1.1629 is now key for maintaining the bullish structure, with the technical setup suggesting consolidation may be needed before the next advance.

GOLD (XAU/USD)

Previous Session Overview

Gold moved higher on Thursday, reaching the previous resistance levels. Currently trading at 3411.58.



Market Outlook

Gold surged to five-week highs above \$3,400 on Thursday, capitalizing on continued Dollar weakness, mixed US Treasury yields, and solidifying expectations for Fed rate cuts next month. The precious metal's advance reflects multiple supportive factors converging as institutional uncertainty persists and monetary policy expectations shift decisively dovish. The break above \$3,400 represents a significant psychological milestone, with the precious metal benefiting from the Dollar's break below key technical support levels. Fed independence concerns following Trump's removal of Governor Lisa Cook continue creating institutional uncertainty that typically favours gold as a store of value hedge. Thursday's stronger-than-expected US GDP revision to 3.3% versus the 3.0% initial estimate failed to derail gold's advance, suggesting the metal's strength is driven more by institutional and monetary policy concerns than economic growth fears. This resilience in the face of positive economic data demonstrates gold's current appeal as a hedge against political and institutional risks. Friday's PCE inflation data will be crucial for gold's near-term direction, with a soft reading confirming Fed dovishness potentially propelling the metal toward higher resistance levels, while a hot print might temporarily pressure prices. However, the broader institutional uncertainty and geopolitical backdrop continue providing fundamental support. The technical picture shows gold consolidating above key moving averages with momentum indicators suggesting potential for further gains, though some near-term consolidation around current levels would not be surprising given the recent advance.

Technical Outlook

- Stochastic is trying to cross lower inside the overbought area.
- Price is consolidating above the 20-period moving average.
- This indicates strong momentum with potential for technical consolidation near current highs.

Key Levels to Watch

Resistance: 3441.94; 3480.69

Support: 3388.95; 3351.06

Conclusion

Gold's consolidation at 3411.58 reflects some profit-taking after reaching recent highs, with the Stochastic trying to cross lower inside overbought territory while price maintains position above the 20-period moving average. The precious metal's ability to hold above \$3,400 despite some technical cooling demonstrates underlying strength from institutional uncertainty. Immediate resistance at 3441.94 remains the next target, with 3480.69 representing a more significant barrier. Support at 3388.95 should contain any pullbacks, with today's PCE data determining whether the rally resumes or further consolidation emerges around current levels.

GBP/USD

Previous Session Overview

GBP/USD consolidated higher on Thursday, staying between the previous support and resistance levels. Currently trading at 1.3497.



Market Outlook

The Pound Sterling extended its recovery for a third consecutive session on Thursday, though the advance remained modest with the pair still working to establish a convincing break above the 1.3500 psychological level. While technically above this key threshold, the lack of decisive momentum suggests market caution around this significant resistance area. GBP/USD's performance reflects the broader Dollar weakness theme rather than UK-specific strength, with the pair benefiting from the DXY's break below key support levels. However, the pound's subdued response compared to other major currencies suggests some underlying hesitation or profit-taking around current levels. UK fundamentals remain supportive, with inflation persistence limiting BoE easing compared to the Fed's expected aggressive cutting cycle. This monetary policy divergence theme continues supporting GBP/USD over the medium term, though near-term momentum appears constrained. Friday's only UK data point is Nationwide Housing Prices, which rarely moves the currency significantly. Focus will remain on US PCE data and broader Dollar dynamics, with a soft inflation reading potentially providing the catalyst needed for a more decisive break above 1.3500. The technical picture shows consolidation above moving averages but with momentum indicators pulling back from overbought levels, suggesting the need for either a catalyst or period of consolidation before the next directional move.

Technical Outlook

- Stochastic moved lower from the overbought area.
- Price moving lower towards the 20-period moving average.
- This indicates cooling momentum with retreat from recent highs near 1.3500.

Key Levels to Watch

Resistance: 1.3562; 1.3608

Support: 1.3437; 1.3393

Conclusion

GBP/USD's retreat toward the 20-period moving average at 1.3497 reflects cooling momentum, with the Stochastic indicator moving lower from overbought territory as the pair fails to maintain gains above 1.3500. The pullback from the key psychological level suggests this resistance remains significant, with profit-taking emerging after recent advances. Today's PCE data could provide fresh direction - soft inflation might reignite buying interest toward 1.3562, while stronger data could accelerate the current correction. Support at 1.3437 becomes increasingly important for maintaining the overall bullish structure.

SPX/USD (S&P 500)

Previous Session Overview

The S&P 500 moved higher on Thursday, reaching the previous resistance levels. Currently trading at 6505.15.

